

Decision No. 7141

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the matter of the application of)
PATTERSON CITY WATER COMPANY,)
a corporation, for an order authori-) Application No. 5171.
zing the issue of stock.)

Vance McClymonds, for applicant.

BY THE COMMISSION:

O P I N I O N

Patterson Ranch Company asks authority to sell and transfer to Patterson City Water Company, its public utility water properties located in the Town of Patterson and more particularly described in the petition herein. Patterson City Water Company asks authority to issue \$40,100. of common capital stock in payment for the properties, and \$300. (3 shares) of stock to directors.

Hearings were had in this proceeding before Examiner Satterwhite in San Francisco.

The record shows that the principal reason for the transfer of these properties is the desire of the Patterson Ranch Company, which is engaged primarily in the business of selling land, to segregate its public utility properties and transfer them to a corporation organized primarily for the purpose of operating such properties. The new company will be controlled through stock ownership by Patterson Ranch Company.

A description of the properties is set forth in the petition herein. The cost of the properties is reported at \$34,620.00. Since the filing of the application with the Commission, approximately \$2,000. has been expended for improvements. The properties described in the petition, as well as the improvements recently constructed, which the record shows includes all the properties of the Patterson Ranch Company used by it in supplying the residents of the town of Patterson with water, will be transferred to the Patterson City Water Company in exchange for \$40,100. of stock. The record shows that approximately 200 consumers are connected with the water system.

Patterson City Water Company was organized on or about September 26, 1919, with an authorized stock issue of \$50,000. divided into 500 shares of the par value of \$100. each.

O R D E R

Application having been made by the Patterson Ranch Company to transfer public utility properties to the Patterson City Water Company, and Patterson City Water Company having asked permission to issue stock, a public hearing having been held, and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purpose or purposes specified in this order, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Patterson Ranch Company be, and it is hereby, authorized to sell and transfer to Patterson City Water Company the public utility properties described in

the petition herein;

IT IS HEREBY FURTHER ORDERED that Patterson City Water Company be, and it is hereby, authorized to issue \$40,400. par value of its common capital stock.

The authority herein granted is upon the following conditions and not otherwise:

1. Of the stock herein authorized, \$40,100. shall be delivered to the Patterson Ranch Company in payment for the properties which it is herein authorized to transfer to the Patterson City Water Company, and \$300. of stock shall be issued and sold at par for the purpose of qualifying directors and the proceeds thereof used for working capital.

2. The consideration at which the transfer of properties is herein authorized, shall not be urged before this Commission, or any other public body having jurisdiction, as fixing the value of said properties for rate making or any purpose other than the transfer herein authorized.

3. Within thirty days after the transfer of the properties herein authorized, Patterson City Water Company shall file with the Commission a verified copy of the instrument of conveyance under which it receives title to the properties, and also advise the Commission of the specific date on which it has acquired and taken possession of the properties.

4. Patterson City Water Company shall keep such record of the issue and sale of the stock herein authorized to be issued, and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

5.--- The authority herein granted will apply only to such transfer of properties as may be made, and to such stock as may be issued, on or before August 1, 1920.

Dated at San Francisco, California, this 13th day of February, 1920.

Edwin C. Edgerton
H. H. Richardson

H. H. Brundage

Commissioners.